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REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS:

QUESTION OF TRANSNATIONAL CORPORATIONS

Written statement by the Commission for the Defence of Human Rights in Central America, a non-governmental organization with special consultative status

The Secretary-General has received the following written statement for distribution in accordance with Economic and Social Council resolution 1296 (XLIV).

[15 July 1997]

1. The process of globalization is an economic struggle for the world market among the transnational corporations of the threesome, North America, European Union and Japan. The relative weight of the transnationals and their direct investments in today's world economy increasingly surpass the dimensions of national economies. Both factors have a direct negative effect on economic, social and cultural rights and on the right of peoples to self-determination and sovereignty over their wealth, natural resources and development.

2. In the case of Central America, Governments have, since the second half of the 1980s, reduced and simplified their tariffs on imports and progressively deregulated controls on foreign capital with a view to attracting foreign investment and job opportunities, chiefly from transnationals. At the present moment, the economic and political power of

these enterprises is so large that State intervention in the spheres in which they are engaged is minimal; thus, States have gradually lost their capacity to negotiate with these enterprises, those worst affected being the workers they employ.

3. Despite the economic advantages reaped by the transnationals through their exploitation of cheap resources and labour, the benefits received by the States are small and those that reach society as a whole much less. On the contrary, national competitiveness is eliminated through the monopolistic or oligopolistic business practices of the transnationals, and the operations of small producers, as well as infant national industries, are seriously harmed. In many cases, the national competitors have to close down when the domestic market is saturated, since the transnationals, instead of increasing the competitiveness of local undertakings, substitute for them.

4. Since the transnationals have their greatest impact in the agricultural sector and the free trade zones, it is important to note that these enterprises bear little or no relation to the needs or circumstances of the people of the host country. In the textile sector, which is one of the most important, most of the employees are women aged between 16 and 20, preference being given to unskilled unmarried women, although some have children. Their jobs need practically no qualifications and their wages are low. Employment tends to be unstable and to offer very little job security.

5. The working conditions offered by the "maquiladoras" are worse than those in undertakings in the same branch operating under other production arrangements. There is definite hostility on the part of entrepreneurs to the presence of trade unions and workers' organizations. In addition, subcontracting is increasing, which leads to an increase in unstructured employment and lower wages, part-time work and the elimination of social safeguards.

6. In the agricultural sector, transnational corporations engaged in agro-industry are generally export-oriented, large-scale and highly capital-intensive. The penetration of transnational corporations into the agricultural sector has frequently had negative repercussions on the local population and on national agricultural priorities. Employment in the sector is increasingly characterized by part-time or seasonal work and labour conditions often violate human rights. Because of the increasingly dependent status of seasonal workers and those employed by the hour or day, a large number of workers are denied a fair and reasonable wage. In the plantations owned by transnationals, many children are employed without the authorization of the State bodies concerned, being exposed as a result to hard and dangerous work. In addition, many of the plantations employ migrant workers, generally without papers, who are exploited for a mere pittance and have no social safety net.

7. The increasing use of agrochemical products on the plantations is a matter of particular concern. Transnationals manufacture most of the world's chlorine, which is used as a base for potentially harmful chemical products such as PCBs, DDT and dioxins. Midway through the 1970s, there was an explosive increase in the international trade in toxic chemical waste products; because of the promulgation of strict laws on waste disposal in

Europe and the United States, it became cheaper and easier for the transnationals to transfer the waste to regions such as Central America, where environmental protection laws were either less strict or non-existent.

8. This is the case with the agrochemical known as dibromochloropropane (DBCP), produced in the United States by Shell and the Dow Chemical Company, a highly toxic product employed in growing bananas and pineapples, the use of which made thousands of men sterile, not to mention the environmental damage caused. The production of this chemical was prohibited in the United States because of the proven sterility effect; nevertheless, and fully aware of its dire results, these companies exported it to Central America and other countries of the third world. At the present moment, thousands of men affected are seeking compensation from the United States courts. This has led some of the companies being sued to offer out-of-court settlements, whereby wretched sums are paid to each worker that in no way compensate for the damage caused.

9. It is obvious that the large transnational corporations are not interested in respect for human rights but rather in the profits they can make, regardless of whether they do so at the cost of violations of such rights as the right to health, to life, to physical integrity, to a healthy environment, and so on.

10. For these reasons, CODEHUCA, as a Central American regional human rights body, supports Sub-Commission resolution 1996/39 on the establishment by the Commission of a working group to study questions related to the effects of the working methods and activities of transnational corporations on economic, social and cultural rights and on the right to development. To this end, we request the group to investigate:

(a) The forms of subcontracting and contracting used by transnationals to the detriment of national and international labour legislation;

(b) The real - economic and social - benefits which the transnationals bring to the developing countries in which they are based, as compared with the damage they cause;

(c) The levels of discrimination and exploitation that predominate in the labour policies of the transnationals;

(d) Specific violations of economic, social and cultural rights by the transnationals;

(e) The respect shown by the transnationals for the agreements and principles set forth by the International Labour Organization (ILO) in regard to employer-employee relations.

11. In addition, the organization requests that an international legal framework or binding code of conduct should be established to regulate the behaviour of transnational corporations, in accordance with the universally accepted principles and norms of human rights.